



Central Library Project

OCA Quality Assurance Review #4
September 18, 2002



Methodology

- QAR #4 spans 9/01 thru 5/02
- Primary focus of QAR:
 - Schedule Monitoring & Reviews
 - Change Management Processes
 - Cost/Contingency Management



Schedule Management

- Primary findings include:
 - As of 5/02 the project was forecasting ~3 months delay
 - Verbal requests for a Recovery Schedule had NOT resulted in one being provided
 - Limited owner review of Baseline schedule
 - Verbal comments – NO written comments in the project record
 - Inadequate reviews of monthly schedule updates
 - HCC CPM schedule data did NOT always align with their reports to SPL
 - SPL has NOT provided HCC with written comments on schedule deviations, corrections, etc.



OCA Recommendations

- Conduct a thorough review of HCC's Baseline Schedule
 - Validate reasonableness of work sequences
 - Planned durations on activities that are subject of change orders
- Review all prior monthly schedule update
 - Ensure that schedule update info represents actual project conditions
 - Schedule revisions don't shift risk to SPL



OCA Recommendations (cont.)

- Review Schedule impacts of COPs
 - >\$1M in COPs with requests for add'l time
 - Obtain HCC's detailed time impact/contractual justification & review & respond in writing
- Issue a Formal Request for a Recovery Schedule
 - Assess HCC's mitigation efforts to recover project delay caused by COPs
 - Review possible concurrent delay to offset Owner caused delay



Emphasis of Recommendations

- Not simply a cursory review
- Review & comment on monthly schedule revisions
- Verify critical & near-critical paths
- Document discrepancies between schedule revisions reported by HCC and those not mentioned
- Perform a detailed review of the Recovery Schedule to ensure the schedule is realistic and hasn't shifted risk to SPL



Change Management

- Primary Findings

- Change Order provisions are being waived because contract timelines are not being adhered to by SPL or HCC
- HCC is not complying with the contract provisions for substantiating & justifying COPs
- Inadequate Change Order documentation maintained in project files
 - Does not provide for adequate development of change order defense by SPL



OCA Recommendations

- Improve CO submittal process
 - Backlog – 88 COPs that had not been submitted/assessed
- Process COs in accordance with Contract timelines
- Enforce contract provisions re: Contractor supporting documentation
- Improve SPL CO documentation to better position SPL to defend against CO/claims



Cost Management

- Primary Findings:
 - HCC was allowed to re-estimate the project based on 100% plans
 - MACC was negotiated when the design was deemed insufficient to guarantee the project price
 - Resulted in add'l project costs and a severe reduction in the amount of project contingency



Change Management: Primary Findings (con't)

- Additional Contingency is being generated from:
 - Credits due to reduced buyout costs which HCC has agreed to share with SPL
 - Project scope is being reduced



OCA Recommendations

- Continue rigorous monitoring of the Project Contingency
- Implement Risk Assessments to identify possible impacts to the contingency
 - COP alleging project delay and associated costs
 - Conduct cost to benefit analysis if lease needs to be extended vs. acceleration
- Improvements in the CO process to obtain timely COPs from HCC will allow for real time project contingency assessments